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HISTORY

I would like to start with a brief background of the boxing business. You start with the boxer who is the athlete. The athlete hires a manager and a trainer and generally speaking pays them a combined percentage of 33.3% of what the boxer receives for the fight. The promoter is responsible for arranging a fight between boxers. Usually, one particular promoter has an exclusive arrangement with a particular boxer. In other words, that promoter will be involved in every one of the particular boxer's matches. Every once in a while, you have the promoter for boxer "A" trying to put together a fight with boxer "B" who has a different promoter. In those situations, the promoters have to get together and this is called a "co-promotion". The major promoters in the business today are Don King, Bob Arum, Cedric Kushner and the Duva family.

There are a number of rating organizations. The three major organizations are the WBA, the WBC and the IBF. Over the last several years, there have been new organizations formed. The two largest of the new organizations are the WBO and the WBU. The importance of the organization is the title fights. I guess the best way to explain this is to do it by example.

Assume that John Doe is the World Champion in a particular weight

division. His promoter is Don King. There is another great fighter in that division, Bill Smith, but his promoter is Bob Arum. The promoters cannot get together. A Champion may fight anyone he desires but at least once every nine months, he must fight his number one contender. The number one contender is determined by the rating organization (WBA, WBC, etc.). Over the years, it has been documented that different promoters control different organizations. There have actually been congressional investigations and there have been numerous suggestions that bribery and pay-offs have taken place. In fact, the commentators for the networks openly call the organizations "crooked", "dishonest", etc. If the Champion is the WBC Champion, and the Champion's promoter "owns" the WBC, then you can rest assured that Bill Smith never gets to the number one ranking. The rankings are determined monthly by the organizations. But, Bill Smith's promoter may control the WBA and they can move Bill Smith into position for a mandatory fight with the title holder of the WBA. Oftentimes, a promoter who has not secured a position with an organization can find himself with a great fighter who never moves up in the rankings. You may recall in the heavyweight division a few years ago, Riddick Bowe was considered to be probably the best heavyweight around, yet was not ranked in the top 10 of any of the organizations. Yet, there were total unknowns who were promoted by Don King that were rated number one, number two and number three in most of the organizations. As a result of all of this, boxing has a "black eye". No other sport could have withstood the allegations and the actuality of corruption as has boxing. But there is this ageless magic about boxing. Next to the SuperBowl, there is no excitement that compares with a great World Championship Heavyweight fight.

How do the organizations make legitimate money? Every

Championship fight has a sanction fee. The Champion pays 3% of his purse and the challenger pays 3% of his purse. Also, there is a lot of fees for officials, etc. When you realize that the combined purse between the Champion and the challenger for a Heavyweight Championship fight would be somewhere between 10 million and 40 million dollars, you begin to realize how much these sanction fees can become. When you recognize there are 15 weight divisions and at least 3 championship fights per year, you begin to realize how much the organization can make. The only employees of the organizations are the executive director and probably a secretary. When you multiply the amount one organization makes and realize there are five (5) organizations, you begin to understand the monies involved.

There is a definite conflict of interest between the fighter and his promoter (assuming the fighter cannot go on the open market and get a promoter for a particular fight). In order for an up and coming fighter to get a championship fight with the champion, he must sign a promotional contract with the champion's promoter. This means that the up and coming fighter is tied into the promoter for years. The job of the promoter is to go out and get as much money as he possibly can get from television, from the site, from foreign rights, from sponsorships, etc., and then to pay the fighter as little as he possibly can. The reason for this is the difference goes to the promoter. If there were no long term promotional contracts, this would allow two fighters (for example, Holyfield and Lewis) to agree to fight for the Heavyweight Championship of the World, and then have several promoters bid in the open market for the right to promote the fight.

The option is very closely akin to the long term promotional contract. The long term promotional contract usually takes place earlier in the

fighter's career and would say that the promoter has the exclusive right to promote the fighter for three years plus an additional two years after winning a major championship. This is basically the total career of the fighter. The option is when the fighter wants to fight the Champion and the Champion's promoter gets an option on the fighter for a long term promotional contract in the event the fighter wins.

The effect of options and long term promotional contracts is to force a fighter into an unconscionable arrangement to be represented by someone who has a direct conflict of interest with the fighter. If the fighter refuses, he never gets a chance.

The bottom line is that not only is the fighter hurt, but the general public never gets the opportunity to see that "great fight".

We go back to the Olympics of 1988 where we saw the worst decision in the history of amateur boxing when the officials gave the Gold Medal to the Korean after Roy Jones, Jr. had totally demolished the opponent. There have been many questionable decisions in professional boxing. Attached is a VCR tape of two World Championship fights that took place in Atlantic City, New Jersey. In both fights, the opponent was hit by the Champion after the opponent voluntarily went to the canvas on his knees. In the first fight, the New Jersey State Athletic Commission called the fight a "no contest". In the second fight, the Champion, Roy Jones, Jr., was declared the loser. An appeal was taken to the New Jersey State Athletic Commission and attached hereto is a copy of the decision. As you listen to the tape, one can clearly hear the referee count to ten (indicating a knock out) in the **Jones v. Griffin** fight. I also enclose a copy of an article from the International Boxing Digest, written by one of the most respected members of the boxing press, Tom Hauser. He confirms that the information

contained in the letter from the New Jersey State Athletic Control Board is false.

Finally, what about that fighter's well-being after his career is over? Certainly, we all remember Joe Louis being relegated to that of a "doorman" at a casino. One has to simply read the complaint recently filed in the Federal District Court for the Southern District of New York in **Mike Tyson vs. Don King** to realize that even though Mike Tyson made over one hundred million dollars during his career, he is for all intents and purposes "broke".

SOLUTIONS

I. Fair Rankings:

The biggest problem in boxing is that the organizations that rank the boxers don't do this in a fair manner. Think about what would happen in the college football play-offs next year if the "Number 2 Team" (Number 1 and Number 2 are to play each other for the national collegiate title) was really the 20th ranked team but for some reason they had been moved up to Number 2. The first and obvious thing is that the public gets the short end of the stick. Also, the Number 2 team gets a big pay day that it did not deserve. Finally, the person who handled the rankings and moved the team

into Number 2 may have been compensated (bribed) to do so. I really don't believe you can legislate corrective action. We need to get a legitimate organization that will do legitimate rankings.

II. Fair Officiating and Judging:

Right now, the State basically controls who the referee and judges are. There needs to be an organization in addition to the state athletic boards that could oversee the officiating and judging. There probably needs to be something similar to the NFL, the NBA, or the college conferences. The organization that is giving fair rankings might have a chief official or a chief judge that could have prior approval on the state appointed referees and judges. Complaints about judges or referees could be made to that official. Again, this would be very difficult to do by federal legislation.

III. Long Term Promotional Contracts and Options:

A good solution would be to void all options and any promotional contracts that result from the fighter having agreed in order to get a particular fight. In regard to promotional contracts that were not entered into for the purpose of getting a particular fight, they could be limited to a period of time or a limited number of fights. In other words, there may be a reason that a promoter should be given a limited number of fights in that he put money into promoting the fighter's career. This could possibly be accomplished without federal legislation if there was some expression from Congress that options and long term promotional contracts that are given for purposes of getting a fight for a particular fighter are against public policy. Of course, all of this could be accomplished with legislation finding such agreements void.

IV. Structured Settlement Payments:

There is a provision of the Internal Revenue Code (26 USCA Sect. 130) which allows periodic payments to be made to accident victims. This money is held in trust and basically paid for the lifetime of the victim. The purpose is to keep the victim of a serious accident from receiving a tremendous amount of money and being subjected to “throwing money away”. Similar legislation should be available to professional boxers (and maybe even to all professional athletes). All this would take is a law that would allow the promoter to take as an expense the funding of a U.S. Government security annuity. The money would be paid out to the boxer over his lifetime and would only be taxable to the boxer as he receives it. There would be no way that the boxer could encumber future payments. For example, the promoter could deposit one million dollars in a U.S. Government backed annuity. The promoter would immediately get a write off for the full amount that he put in. This annuity would pay (for example, \$8,000.00 per month for life with a guarantee of at least 20 years) the boxer and the boxer would have income taxes deducted from each payment as he receives it. You could actually give the promoter a little extra tax write off as an incentive.